m/45/049

CLIFTON MINING COMPANY

70 West Canyon Crest Rd. Suite D. Alpine UT 84004 Phone: (801) 756-1414 Fax: (801) 756-5454

FACSIMILE TRANSMISSION COVER SHEET

NAME:

Amber Fortner

COMPANY:

DEPARTMENT OF OIL GAS & MINING

DATE:

April 24, 2002

FAX NUMBER:

1-801-359-3940

NUMBER OF PAGE(S):

15

CONFIDENTIAL NOTICE

The information contained in this facsimile message is legally privileged and/or confidential information intended only for the receipt by and use of the individual or entity to whom or which it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this telecopy is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone and return the original message to us at the address on this page via United States Postal Service, Clifton Mining Company, guarantees return postage. Thank You.

FROM:

Scott Moeller

COMMENTS:

Dear Amber,

I have setup the CD at the bank and we have completed the forms to the best of our ability. I will wait for your call on getting the original documents for signature. My phone number is (801) 756-1414 ext. 43.

If you have any trouble receiving this facsimile transmission or you do not receive the number of pages indicated above, please call us at (801) 756-1414.

RECEIVED

APR 2 4 2002

DIVISION OF OIL, GAS AND MINING Joint Agency CD

COVER / INSTRUCTION LETTER FOR JOINT CD'S

WELLS MARGO DANK (Bank Name)
5285 West 11000 North (Address)
HIGHLAND, UT 84003
(801) 342-2000
Attention: HUTSA BURR (Bank Acct. Rep., Branch Manager, etc.)
Re: Reclamation Surety, Certificate of Deposit for Cuctus Mxc/Goco Hxc Mine Site,
M/ 045 / 049 (OGM mine file #), TOOELE County, Utah
Certificate of Deposit no. Principal Amount
\$ <u>38,800.00</u> .
This letter describes the mutually agreed upon instructions of the below signed parties to
WELLS FARGO Bank (Bank), regarding the control, redemption, and release of Bank's above-
described certificate of deposit (CD), which is being used as a surety to guarantee the availability of
reclamation funds for the CACTUS MILL GOLD HILL mine site, TOOELE County,
Utah (Mine Site). It is the intention of the parties that the CD be utilized as surety to guarantee that
in reclamation funds will be available to the State of Utah, Division of Oil,
Gas & Mining (Division) and the (agency, i.e. BLM, USFS, etc.)
upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete
reclamation of the mine site in compliance with state law and regulations including but not limited to
Title 40-8-14(7), and Rules R647-4-114 & R647-5-101.
Ownership and Renewal:
Ownership of the CD is retained by attron Wining Company, a UTAH corporation, and
by, an individual(s), (collectively "Owners"), but it is held by Bank for the
benefit of the State of Utah, Division of Oil, Gas & Mining and (agency)
and is subject to the terms and conditions described in this agreement. The CD shall automatically renev

•	by both the Director of the Division and the authorized
officer of BLM	(agency).
Redemption:	
The CD may only be redeemed (i.e., called or	demand), pursuant to the written instruction or demand of
both the Director of the Utah Division of Oil,	Gas & Mining and the authorized officer of
(agency) to the Bank. U	Jpon the instruction and demand of the Director and
authorized officer of	(agency), the full initial amount of the CD shall be
transferred to the State of Utah, Division of O	il, Gas and Mining. Owners agree and irrevocably instruct
Bank that neither the Owner(s), nor any other	person claiming an ownership interest in the CD which is
derived from the Owners, shall have the author	prity to prevent the Bank from carrying out the Director's
instruction to redeem the CD. Upon redempti	ion, any accrued interest in excess of the initial amount of
the CD shall be transferred to Owners' contro	l, or if Owners do not instruct the Bank, the accrued interest
shall be reinvested in the CD. If a signature c	ard is prepared, it shall be drafted consistent with the
requirement that only the Director of the Divi	sion and the authorized officer of
(agency) may redeem the CD.	-
Before a redemption occurs due to a bond for	feiture proceeding, the owner of the CD will be formally
notified by the division and provided ample of	pportunity to show just cause why the CD should not be
redeemed.	
Release:	
The bank shall release the CD only upon the	written instruction of both the Director of the Division and
the authorized officer of BUM	(agency) to the Bank. Upon release, the terms and
conditions of this agreement are no longer in	effect, and the unconditioned control of the CD shall be
returned to the Owners, or their legal successor	ors-in-interest.
Accrued Interest:	<u>~</u>
	ich accrues by the CD shall be light ispersed quarterly to the
	ank, or 2) shall be reinvested in the CD until such time the
Owner(s) may instruct the Bank where to trans	sfer such interest. In no event shall the Bank transfer any
amount from the CD which would cause the r	redemption amount of the CD to be less than the initial

amount, \$ 38,800.00. All tax liabilities for	accrued interest shall remain the sole
responsibility of the Owners.	
Bank will not be held liable for any dispute between	the parties.
Agreed Upon By:	
Lowell P. Braxton, Director Utah Division of Oil, Gas & Mining	Date:
Agency Representative Agency Name	Date:
Name and Title of Owner Tax ID Number: OWNER: CLIFTON MINING COMPANY	Date: 4 22 02
ALESA BUZE, LEAD TELLER Name and Title of Bank Officer	Date: 4 24 02

o:\M045-Tooele\M0450049-cactus mill\m45-49cdcover.doc

Time Account Receipt/Disclosure



Wells Fargo Bank Northwest, N.A.		04/24/2002		Term of Time Accoun	•
				60 months days	
Military date		Inforest rate	Flood rate	Variable rate	Annual percentage yiel
Your Time Account will mature on	04/24/2007	4.40	х		4.50
interest will be paid					
EVERY 03 MONTHS AND AT WITHDR	AWAL				
The method of interest payment will be					
BY CREDITING CHECKING	ACCT_NO			- never ideal/festion	- 45-A /744
Autour ability					
YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT		87051183	5		
AT MATURITY UNLESS I NOTIFY Y	OU OTHERWISE.		_		
The Bank is opening the above described Time	Account for your deposit of	f			
THIRTY RIGHT THOUSAND EIGHT H	UNDERD AND 0/100			\$ 38,80	00.00

CLIFTON MINING CO FBO STATE OF UTAH DIVISION OF OIL GAS AND MINING AND BLM
70 W CANYON CREST RD
ALPINE UT 84004-1681
CACTUS WILL/GOLD HILL PERMIT M/OUS/OU9

04/24/2002 11:47 U7007 02743 Bank# 00119

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

W40148

WELLS FARGO	Allsa Bun 801-342-2266 Wells Fargo Bank Northwest, N		Certificate of Authority (Deposits, Credit and Related Services
Bank name	Highland / Alpine Office	cocAU# 8490	DONO 4/24/02-
		Branch RUMBY90	Cost center 2743
Officer name Alisa	Burr	Officer (Williams) 007	Prorie number 801 - 342-2266
Account number(s)	,	<u> </u>	•
Customer's legal name	Cliffon Mining	Co.	(*Bank*)
doing business as	Saru S. Junger		("Customer")
Customer Type (Check Box	•	_	
Corporation	Unincorporated Association		te or Local Government Unit or
Partnership	Limited Liability Company	Government	
Limited Partnership	Limited Liability Partnership	=	nment Unit or Tribal Government Agency
Sole Proprietor Non-Profit Corporation	☐ Professional Corporation ☐ Trust	Other	
Customer organized under		ums of jurisdiction)	

The person(s) signing below certifies to the Bank that:

- (i) If the customer is not a trust or a sole proprietor, the governing body of the Customer has by resolution, agreement or other legally sufficient means, named the Bank as the Customer's depository and has authorized and approved the terms of this Certificate in its own or any representative capacity in which it is acting, or
- (ii) If the Customer is a trust, that the undersigned islare all of the trustee(s) of the trust and the trustee(s) islare duly authorized to execute this Certificate.

The person(s) signing below also certifies to the Bank that:

- Any one of the persons whose names, any applicable titles and specimen signatures appear in the Signature Capture section is authorized on such terms, conditions and agreements as the Bank may at any time require to:
 - a. Enter into agreements with the Bank for products and/or services now or hereafter offered by the Bank, and to amend, extend, supplement, terminate and otherwise in any manner act with respect to such agreements ("Agreements") on such terms and conditions as the Bank may at any time require;
 - b. Establish one or more accounts with the Bank in the name of the Customer;
 - c. Sign or otherwise authorize or endorse for deposit, cashing or collection, checks, drafts, payment orders, or other orders or instructions for payment, transfer or withdrawal (collectively "Withdrawals") from the Customer's account(s), including but not limited to, those payable to the individual order of any person signing or otherwise authorizing the Withdrawals and those payable to the Bank or to any other person for the benefit of any person who signed or otherwise authorized such Withdrawals;
 - d. Give instructions to the Bank in writing (whether signed manually, by use of a facsimile, or by a mechanical device), orally, by telephone or by any electronic means in regard to the payment of funds and transaction of any business relating to the Customer's account(s) or agreements, and the Bank is authorized, directed and shall be indemnified and held harmless by the Customer for acting in accordance with any such instructions;
 - e. Designate each account accessible with an ATM card or Debit card and each person in whose name a card will be issued;
 - f. Purchase time accounts, whether certificated or not;
 - g. Enter into agreements for safe deposit or safekeeping, cash management, wire or other funds transfer, commercial depository and other deposit account related services; and
 - h. Delegate their authority to another person(s) or revoke such delegation, in a separate signed writing delivered to the Bank unless the Customer is a trust.
- If any Withdraw at authorization requires communication of a code to the Bank, and the code is communicated, the Withdraw at will be binding on the Customer regardless of who communicates the code.
- The Customer has received a copy of the Bank's documents describing the terms, conditions, availability of funds and fees for the Customer's account(s) and agrees to be bound by them.
- In addition, any one, unless otherwise provided below, of the person(s) named in this Certificate may on the Customer's behalf, and without limitation:
- a. negotiate and procure loans, lines and other extensions of credit, letters of credit and related services from the Bank in any form and in amounts and on terms as the person or persons shall determine;
- b. discount, sell, assign, transfer, mortgage or piedge to the Bank any property now or hereafter owned by the Customer for such consideration as the person(s) deem(s) appropriate or as security for the payment or performance of any debts, liabilities or obligations to the Bank;
- c. unconditionally guaranty payment of any indebtedness owed to the Bank by any person(s);
- d. apply for issuance of letters of credit and related products and services for the account of the Customer or waive any letter of credit discrepancies or nonconformities and execute lease inventory notes and assignments of leases on behalf of the Customer;
- e. sign in the name of the Customer any instrument or document deemed necessary or required to carry out the authority contained in this Certificate; and
- f, subordinate to the Bank any interest of the Customer in any instrument or any other asset belonging to the Customer as the person(s) may deem appropriate.
- 5. The information provided on this Certificate is correct and complete, the persons whose names appear below in the Signature Capture section hold any positions indicated, and the signatures appearing opposite their names are authentic, official signatures.
- The Bank is authorized to inquire at any time about any person named below and in the Signature Capture section with check and/or credit reporting services.
- 7. All transactions described in this certificate, or which would have subsequently been authorized by an Agreement authorized by this certificate, conducted by or on behalf of the Customer prior to delivery of this Certificate are in all respects ratified, approved and confirmed.

 If the Customer is a tribal government or trib matters directly or indirectly referred to in the proceeding directly or indirectly relating to a 	al government agency, the Customer is Certificate, and submits to the juriso matter referred to this Certificate, in a	weives Sovereign Immunity with respect to all diction of, and the Bank may bring any legal a state or federal court.
DATE 24 APRIL 2002		
Certifiedi Agreed to by:	n	
Signature: Scott World	Signature:	
Name: Scott MOELLER	-	
Title: V.P FINANCE	Title:	
Imprint Seal (if any)		
AUTHORIZED SIGNERS - Check the appropriate checked and one of the Signature Capture sect completed identically.	e box and then complete the designate ions is left blank the Bank will be auth	nd Signature Capture section(s). If neither box is orized to treat the sections as having been
Complete *Deposits and Related Service	•	
Complete both of the following section	ns but if either section is blank and the	other is completed, the Bank will be authorized to
treat the sections as having been comp	·	be appointed as the Customer's attorney-in-fact
for the purpose of exercising the powers grante Customer becomes disabled or incompetent an	ed hu this Certificate, and this nowar o	A Strower sum continue to ne enecine a tive
Customer Decomes disabled of Incompetent are	O Until the balls receives acress notice	3. ()
SIGNATURE CAPTURE - Deposits and Relate Authorized Signers (Only one signer is require	•	
Name 4	Title (if any)	Specimen Signature
Maria Maria	V.PFILANCE	
DOIL TY JOECCER	V.1. 1120	
SIGNATURE CAPTURE - Credit and Related Authorized Signers	-	
Number of signers required (If left blank, on	ly one signer is needed)	, ,
Name	Title (if any)	Specimen Signature
Scott MOELLER	V.PFINANCE	Sport Wolle
TON CLITE IS UL	1. Addie 1 11	oil gas, and
7 DU 3124 80 VEI	~ 01187~ 00	i de la companya de l
11.	11	O
MINIS ara DI		
Mining and Bl Cactus Mill/g	1. 1511 Por 4	- M/D45/049
('actus Mill/4	on 1111 Permi	10, 10, 10, 10, 10
1 0		

This Certificate is in effect on the date indicated below and shall remain in effect until the Bank receives the Customer's written notice of its revocation and has had a reasonable opportunity to act on such notice.

> Alisa Burr 447007 801-342-2266 U1153-011 Wells Fargo Bank Northwest, N.A. COID 119 Highland / Albine Office Au# 8490

Time Account Signature Card/W-9



Request for Taxpayer Identification Number and Certification (Substitute Form W-9)		
Cartification: Under penalties of perjury, I certify that: 1) The number shown on this form is my correct Taxpayer Identification Number, and 2) UNLESS I HAVE CHECKED ONE OF THE BOXES BELOW, I am not subject to backup withInternal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure notified me that I am no longer subject to backup withholding (does not apply to real estate t abandonment of secured property, contributions to an Individual Retirement Arrangement (IR) I am a U.S. person (including a U.S. resident alien).	e to report all interest or dividends, or the IRS has transactions, mortgage interest paid, the acquisition o	ır
☐ I am subject to backup withholding	X) Seal Walle	
Depositor(s) name and address	Account number	
CLIFTON MINING CO FBO STATE OF UTAH DIVISION OF OIL	Account residen	
GAS AND MINING AND BLM	Taxosya	, —
70 W CANYON CREST RD	Table) a damination to the same	
ALPINE UT 84004 1681	I I =	
CACTUS MELL/GOLD HELL PERMET M/045/049	Temporary signature ca	ira
Signature:	Need certification	
Signature(s) Seath Worldin For MINING COMPANYX		
×		
W 74W50 (6-01-45320-J) PII Date 4 /	124/02	
Time auct. (CD) cannot be closed with written authorization from State of Division of Oil and Mining and B	it-out	
written authorization from State of	War	
Division of Oil and Mining and B	3LM.	

Alisa Burr 447007 801-342-2266 U1153-011 Wells Fargo Bank Northwest, N.A. COID 119

Highland | Sloine Office

Au# 8490

FORM MR-RC Revised April 4, 2001 RECLAMATION CONTRACT

File Number <u>M 0 45 049</u>
Effective Date
Other Agency File Number <u>U - 73 999</u>

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION of OIL, GAS and MINING

1594 West North Temple Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801 (801) 538-5291 Fax: (801) 359-3940

RECLAMATION CONTRACT

---00000---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows: "NOTICE OF INTENTION" (NOI): (File No.) m/045/049 (Mineral Mined) "MINE LOCATION": (Name of Mine) (Description) APPROX. SO MILES WENDOUER, UTAH "DISTURBED AREA": (Disturbed Acres) (Legal Description) (refer to Attachment "A" "OPERATOR": (Company or Name) CLIFTON MINING COMPANY (Address) 70 WEST CANYON CREST ROAD SUITE # D ALPINE, UT 84004 (Phone) (801) 756-1414

"OPERATOR'S REGISTERED AGENT":	
(Name)	CLIFTON WINING COMPANY
(Address)	70 WEST CANYON CREST FORD
	Suete #0
	ALPINE, UT 84004
(Phone)	(801) 756-1414
"OPERATOR'S OFFICER(S)":	Mar
or Livitorio of Fioling).	WILLIAM MOELLER
	SCOT MOELLER
	TOR VIOLATER
"SURETY":	
(Form of Surety - Attachment B)	CERTIFICATE OF DEPOSET
"SURETY COMPANY":	
(Name, Policy or Acct. No.)	Wells Farzgo Bank
"SURETY AMOUNT":	
(Escalated Dollars)	* 38,800.00
(Leodiated Dollars)	
"ESCALATION YEAR":	2007
"STATE":	_
"DIVISION":	State of Utah
DIVISION:	Division of Oil, Gas and Mining
"BOARD":	Board of Oil, Gas and Mining
ATTACHMENTS:	
A "DISTURBED AREA":	
B "SURETY" [.]	

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between ______ CLIFTON WINING Company ____ the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. W / 045/049 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

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NOW, THEREFORE, the Division and the Operator agree as follows:

- 1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated <u>December 17, 1999</u>, and the original Reclamation Plan dated <u>December 17, 1999</u>. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
- 2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
- Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
- 4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
- 6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

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- request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.
- 7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
- 8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
- 9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
- 10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
- 11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
- 12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
- 13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
- 14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:
Clifton Mining Company Operator Name
By <u>Heith Moeller</u> Authorized Officer (Typed or Printed)
Authorized Officer - Position
Officer's Signature Date
STATE OF
On thei0_day of
Notary Public Residing at Anievican Forb 11456 Notary Public STATE OF UTAH My Commission Expires July 30, 2005 SHAUHA BECK 113 Suph Main Alpine, Utah 84004
• · · · · · · · · · · · · · · · · · · ·

Page <u>5</u> of <u>7</u> Revised April 4, 2001 Form MR-RC

DIVISION OF OIL, GAS AND MINING:	
ByLowell P. Braxton, Director	Date
STATE OF)) ss:)
On the day of is the Dispersonally appeared before me, who being of is the Dispersonally appeared before me, who being of the Dispersonally appeared before me, who being of the Dispersonal is the Dispersonal in the Disperso	rector of the Division of Oil, Gas and tate of Utah, and he/she duly acknowl-
	Notary Public Residing at:
My Commission Expires:	

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ATTACHMENT "A"

CLIFTON WINING COMPANY Operator	CACTUS WILL GOLD HILL
Operator	Mine Name
m/045/049	TODELE County, Utah
Permit Number	
Include 1/4, 1/4, 1/4 sections, townships, ranges and any othe disturbed lands are located. Attach a topographic map of su or larger scale is preferred) showing township, range and section boundaries tied to this Reclamation Contract and surety. The detailed legal description of lands to following lands not to exceed \$\frac{8}{9}\$ surety, as reflected on the attached map lail and dated \$\frac{\sqrt{UNE}}{30}\$ in 1999 :	er descriptions that will legally determine where itable scale (max. 1 inch = 500 feet; 1 inch = 200 feet ctions and a clear outline of the disturbed area be disturbed includes portions of the
SE Y4, SE Y4, Sec 35; and	
NEY4, NEY4, Sec 2; T	-85, K18W

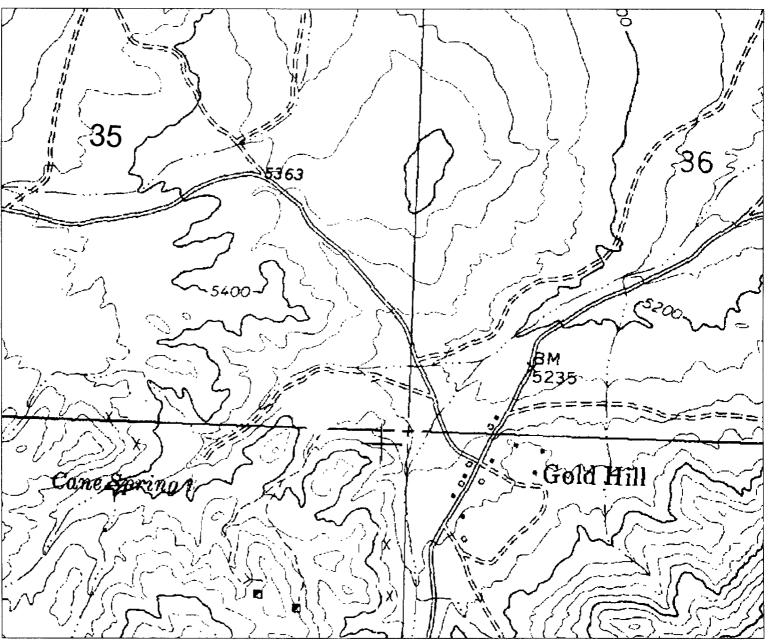
Clifton Mining Company Cactus Mill

M/045/049

Mill Site

Data taken from BLM GPS file Inspection date: June 30, 1999 Disturbed Acreage 8.9 Acres





SE/4 of the SE/4 of Section 35
Township 7 South Range 18 West
and
NE/4 of the NE/4 of Section 2
Township 8 south Range 18 West
Gold Hill Quad Map

